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SIPDIS

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TAGS: [ETRD](#) [PREL](#) [MOPS](#) [ETTC](#) [TU](#) [IZ](#)

SUBJECT: IRAQ-TURKEY TRADE: IGC PRESIDENT TALABANI AGREES  
ON 9 STEPS TO IMPROVE TRADE WITH TURKISH FOREIGN TRADE  
UNDERSECRETARY TUZMAN

SENSITIVE BUT UNCLASSIFIED

1. (SBU) Iraqi Governing Council President Jalal Talabani shared with PolMilOff in Ankara Nov. 20 the text of an agreement (at Para 2) he said he and the IGC/Iraqi Ministers delegation reached Nov. 19 with Turkish Acting Foreign Minister and Foreign Trade Undersecretary Tuzman. Tuzman presented the text to Talabani and his delegation and they agreed to it with one change. The Iraqis would not agree to a Turkish request for permission for Turkish companies to import scrap metal from Iraq. Talabani explained that Iraq needed the scrap metal as a source of rebar for construction. The document is to be signed as "Agreed Minutes" on Nov. 20. A detailed readout of Talabani's Ankara visit, along with a report of our Nov. 20 discussion with Foreign Trade Undersecretary Kayalar on Iraq-Turkey trade, will follow septel.

2. (SBU) Begin text:

Agreed Minutes

1. The two sides agreed to exert every possible effort to further promote and diversify bilateral trade to a higher level corresponding to their potentials on a mutually beneficial basis.

2. With the aim to promote and sustain bilateral trade on a mutually beneficial basis, and the economic cooperation between their respective countries, the two sides agreed to initiate the negotiations for concluding a preferential trade agreement between Turkey and Iraq within two months from the date of signing of this document. In this framework, the two sides undertook to apply five percent as the average protection tariff rate in the commercial exchanges between the two countries, except negative lists of agricultural products. The number of lines in the negative list cannot be more than twenty percent of the total tariff lines.

The two sides also agreed to eliminate all non-tariff barriers in their bilateral trade.

The two sides decided to hold the first round of negotiations of a preferential trade agreement in the second half of January 2004 in Ankara.

3. The two sides agreed to re-establish border trade between the two countries. To this end, the Turkish side submitted to the Iraqi side the following lists of the contracts signed by the Turkish companies.

- a) Contracts funded and partially shipped, (contracted goods that are ready for shipment);
- b) Contracts funded but not shipped (contracted goods for which production process has not started yet);
- c) Contracts with pending issues.

4. The two sides agreed to initiate the negotiations concerning a new contract between SOMO and TPIC for the purchase of crude oil from Iraq within the framework of border trade with the aim to finance the new projects of the Iraqi side. The two sides decided that the modalities of the new system and the implementation of the above-mentioned contracts would be determined during the negotiations to be held in the first half of December 2003.

5. The two sides agreed to enhance the relations in the field of banking. The Iraqi side agreed to facilitate the procedures for opening of branch offices by Turkish banks and establishment of Turkish banks in Iraq.

16. The two sides agreed to exert every possible effort for the implementation of the contracts signed by the Turkish companies within the framework of the "Oil for Food Program." To this end, the Turkish side informed the Iraqi side of the list of contracts to be prioritized by the CPA. The Iraqi side agreed to give full support to the prioritization process of the contracts before the CPA.

17. In order to boost economic activities of border and peripheral cities of the two countries, the two sides agreed to establish Border Trade Centers (BTC) on the borders between Turkey and Iraq. The two sides decided to hold the expert level meeting in the second half of January 2004 in Ankara in order to discuss and finalize the following issues concerning BTC projects:

- a) The location of the BTC;
- b) The design, construction and operational matters;
- c) The list of products and quantities to be subject to transactions;
- d) Procedures to be applied for passengers and goods;
- e) Privileges and exemptions to be granted for the passengers and goods.

18. The two sides discussed the possibilities of initiation of alternative transportation routes between the two countries. Within this context, the two sides agreed to take the necessary and urgent measures in order use the Nusaybin-Qamishly-Mosul railway connection. The Turkish side agreed to support the efforts of the IRR with the aim to improve the capacity of this line. The two sides agreed to initiate the negotiations regarding the second border crossing point in January 2004.

The Turkish side requested from the Iraqi side to accelerate the registration procedure for the establishment of foreign companies in Iraq by Turkish firms. The Iraqi side agreed to issue the necessary licenses for the Turkish companies within a month after the date of application.

19. The two sides underlined the importance of the Kirkuk-Yumurtalik Crude Oil Pipeline for exportation of the Iraqi crude oil and agreed to take all necessary measures for the proper functioning and protection of the pipeline.

Done and signed in Ankara on November 20, 2003 in two originals in the English language, both texts being equally authentic.

End text.

13. (U) Baghdad minimize considered.  
EDELMAN